



HUMAN RESOURCES AND BENEFITS

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OAKLAND, CALIFORNIA 94612-3556

June 6, 2003

## MEMBERS OF THE UNIVERSITY OF CALIFORNIA LANL COMMUNITY ENROLLED IN DELTA DENTAL

Dear UC Delta Dental Members:

Earlier this year, Delta Dental (Delta) announced a change in payment level for dentists who are not participating in the Delta network effective June 1, 2003. The reaction from the Los Alamos dental community and resultant communications with their patients have generated questions and concerns about provider reimbursement as well as benefits available to you as a UC Delta Plan member. This letter is intended to clarify the issues connected to these changes and address some of the key concerns that LANL employees/retirees may have.

The change effective June 1, 2003 is that Delta reinstated a distinction between payments to participating vs. non-participating dentists. The change in payment level to non-Delta dentists is described in your Evidence of Coverage brochure under "Covered Fees". We want to emphasize that the change is applicable only when an employee/retiree obtains dental services from a non-participating dentist. The change will not affect the reimbursement to participating dentists; nor will it affect your out-of-pocket expenses from participating dentists. However, for those of you who want to continue using a dentist that has dropped out of the Delta plan, there will be an increase in your out-of-pocket expenses.

Previously, all dentists in Los Alamos participated in the University's Delta Plan. Some dentists have elected to leave UC's plan for a variety of reasons, primarily it appears because they believe that Delta's reimbursement methodology negatively impacts them. We rely on our vendors to negotiate fairly and effectively with their providers to provide them with equitable reimbursement and services. Although this is a vendor responsibility, we have asked our outside consultant to evaluate the methodology surrounding reimbursement of claims to assure that Delta's reimbursement to dentists is within industry norms. We are encouraged that preliminary findings suggest they are. Your dentist has the option to participate or not to participate in the Delta network; however, your dentist's participation can impact your out of pocket expenses as stated above.

You now have three options to select the provider that best meets your needs:


- DeltaPremier Plan includes all participating Delta providers (there are currently six in Los Alamos).
- Delta Preferred Option Plan (DPO) includes providers who participate in a separate network and may offer even lower fees than DeltaPremier dentists; at the present time, you must go outside the Los Alamos area to access a DPO provider.

- Non-participating providers include any dentist of your choice, but the dentist can balance bill you for charges in excess of the fees allowed by Delta.

The University is concerned about maintaining an adequate provider network at Los Alamos and is working closely with our outside consultant and Delta to maximize the options available to members.

Attached is a list of Q&As which we hope will further address your concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mark Esteban', with a long horizontal flourish extending to the right.

Mark Esteban  
Director  
Health & Welfare Policy & Program Design

cc: Sandra Haire, Benefits and Employment Services Group Leader, LANL

## **Q&As – Delta Dental Change Effective 6/1/03**

### **1) How does this change in provider payments affect my dental benefits?**

The nature of your dental plan has not changed. Your Delta Dental plan is still a fee-for-service option (not a dental HMO) which offers you complete freedom of choice in selecting your dentist. Regardless of whether you visit a non-Delta dentist or a Delta dentist, you continue to receive benefits as outlined in your Evidence of Coverage brochure. However, effective June 1, 2003 the maximum reimbursement to employees/retirees when treated by a non-participating dentists is based on a calculation that is at the 60<sup>th</sup> percentile of what dentists in the State of New Mexico charge for the procedure. The cost to the patient will depend on how much the dentist charges for the procedure in comparison to other dentists. The dentists will therefore get full payment from the patient up front and the patient will get a portion reimbursed through Delta Dental. If you see a participating dentist, services are reimbursed through Delta Dental. If you see a participating dentist, services are reimbursed directly to the dentist at the 90<sup>th</sup> percentile. A participating dentist cannot bill you for additional charges over the 90<sup>th</sup> percentile.

Implementation of this change results in LANL claims for non-Delta providers being handled in the same method that Delta Dental handles claims for all groups in New Mexico and throughout the United States. What unfortunately has changed for some employees/retirees in LANL is that certain dental offices in Los Alamos have terminated or will be terminating from the Delta network. The dentists cite a variety of reasons for their decision to terminate which are being reviewed and addressed by Delta. In addition, we are working with our outside consultant to assess Delta's reimbursement methodologies with respect to Los Alamos dentists. Preliminary findings suggest that while Delta changed their reimbursement methodology a year ago, the participating dentists' overall revenues have not been adversely impacted by this change.

### **2) What change was implemented for non-participating dentists effective June 1, 2003?**

Effective June 1, 2003 the maximum fee allowance paid to employees/retirees for services to non-participating Delta dentists is less than the amount paid to participating Delta dentists. Non-participating dentists do not get reimbursed directly from Delta Dental. The reimbursement is made to the employee/retiree patient, and the employee/retiree will have to pay the dentist directly. The Plan still allows you to see any provider and be reimbursed for covered fees. However, the change will allow non-participating dentists to charge whatever fees they choose to set without the controls in place by Delta for participating providers.

### **3) Why was the June 1 change made?**

The decision to reinstate a distinction between payments for services to non-participating vs. non-participating dentists was made to model industry reimbursement methods which were in previously in place for the first 15 years your benefits were administered by Delta. Reinstatement of this methodology will result in LANL claims for non-participating

providers being handled in the same way that Delta Dental and most other insurance plans handle claims for all groups in New Mexico and throughout the United States. This method was modified in New Mexico for a period of approximately 2 years due to systems issues. During this time (and for many prior years) all of the dentists in Los Alamos were in the Delta network and Delta did not administer a non-participating reimbursement rate. However, the administrative issues were resolved with the implementation of a new processing system at Delta earlier this year, which enabled them to once again be able to provide consistent processing throughout the program.

4) Why does Delta reimburse their participating dentists at a different rate than non-participating dentists?

In a delivery system where participating and non-participating providers are reimbursed at the same level, there is no advantage for a dentist to participate in the insurance program. By providing an incentive, (higher reimbursement rates for participating dentists), it is intended to encourage local dentists to work with our Delta plan and thus provide our members with the widest possible selection of dentists. It also encourages our members to use dentists in the community who partner with Delta and the University.

A contracted network of dentists offers members certain conveniences and protections, such as credentialed providers, no balance billing on pre-negotiated fees, claims adjudication based on accepted standards of care and easy access with no claim form hassles. There are also advantages to the dentists participating in the program, such as guarantees of payment for covered services, ease of claim handling through electronic submission and a broader base of patients seeking their services as a network provider.

5) Is the University considering another option in a choice of dental insurance carriers?

The Delta Plan is currently an affordable plan that offers very competitive benefits in line with industry standards in a difficult financial environment. Indemnity plans or fee-for-service plans without a network option are typically more expensive for both the employer and the employee/retiree. Although they may reimburse dentists at a similar level, they typically increase the out-of-pocket expenses of the members through balance billing over and above reimbursement amounts. Currently, Delta is the only dental insurance program offering available to UC employees/retirees at LANL and we are not contemplating a competitive bid in the near future. Eligible out-of-pocket dental expenses for employees can also be covered under the Health Care Reimbursement Account (HCRA). HCRA allows you to pay for these expenses on a pretax, salary reduction basis. Eligible employees may enroll in HCRA during the University's open enrollment period.

6) Why doesn't the University offer a higher annual maximum benefit under Delta?

Benefits have increased over the years; most notably your annual maximum increased from \$1,000 per covered individual to \$1,500 some time ago. In comparing this maximum with other employers, it is still considered to be equal to or greater than what most employers are offering. In addition, less than 5% of UC Delta Dental members ever reach this maximum. Benefit levels are a function of dollars available to spend on the program. Every dollar we spend in one benefit category (i.e. dental) is one less dollar available in another (i.e. medical). Therefore we strive to achieve a balance that will provide the most comprehensive benefit package to all employees/retirees, given the entire populations' needs.

7) Who are the participating providers in Los Alamos and how can I reach them?

The following dentists are still participating providers in Los Alamos:

Curtis Brookover	662-4503
Haley Ritchey	662-4503
Dwight Moss	662-2426
Nereida Ortiz	662-2426
Rick Posada	662-4800
Lewis Roberts	662-2585